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AGRICULTURAL DEVELOPMENT
—IN ARGENTINA
—IN EASTERN EUROPE

THAILAND'S MARKET POTENTIAL

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Including FOREIGN CROPS AND MARKETS

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

AUGUST 28, 1967
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Gauchos herd cattle in Argentina's Entre Ríos Province. Livestock improvement is one goal of the country's agricultural policy, which is described in article on page 3. (Photos from Pan American Union.)

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Argentina's Agricultural Policy Focuses on Productivity

With possibilities for economic growth hinging on agricultural development, Argentina is moving to step up improvement of its farm technology.

By JOSEPH C. DODSON
U.S. Agricultural Attaché, Buenos Aires

The new economic program[1] announced by the Argentine Government earlier this year aims first at checking inflation. It represents, however, an effort to set the stage for real economic growth. So far, Argentina's economic growth has been slow and on a per capita basis virtually stagnant, and this lack of growth—given the country's great resources—has perplexed many observers.

In the drama of economic growth, the development of Argentina's agriculture must play the starring part, because of heavy dependence on farm products for foreign exchange earnings. It is primarily the increase of productivity that is entailed in agricultural development, in view of rising production costs and the highly competitive nature of world agricultural markets. Yet various indices attest to the fact that Argentina's productivity levels, both for crops (with some exceptions) and for livestock, have failed to rise.

Up to now, Argentina has been able to get along—although not to move rapidly ahead—with an extensive type of agriculture based primarily on grains and livestock. But it seems certain that in the future this pattern will have to be modified toward greater intensification. Improvements in the financing and supply of farm inputs are among the measures included in current development planning. The prospects for achieving these improvements will depend, however, on the success of the new economic program.

Measures dealing with productivity

In 1965, when the National Development Council released the National Development Plan for the 5 years 1965-69, it spoke of the relative stagnation of agricultural production and the need to provide funds for investment. It recommended that livestock production be emphasized over crop production because of the prospective increase in world demand for meat. Yet it stressed that crop production too should be expanded.

This means that the increase in livestock must be achieved not by converting cropland to pastures but rather by increasing carrying capacity through pasture improvement and better management. Crop productivity must be stepped up by technical means—"indispensable," said the Council, "if the comparative advantage of Argentine farm products in international markets is not to be lost."

To finance the agricultural development program, the plan proposed a capital investment, public and private, of 224 billion pesos over the 5-year period, out of a total investment for all sectors of 1,339 billion pesos. At 1965 conversion rates, this would have involved an investment of about $1.3 billion, from a total of $7.8 billion.

These fields of emphasis were cited: Animal health and sanitation, pasture improvement, plant pest control, soil conservation, fertilizers, dairy development, agricultural education, and research and extension.

The goal of the plan was a 31-percent increase by 1969 in the value of total agricultural production, compared with the 1960-64 average. Biggest opportunity was seen for grains, with a 56-percent increase envisaged. Oil-

[1]See "Argentina Adopts Economic Measures To Check Inflation," *Foreign Agriculture*, May 22, 1967.

Left, sheep graze in Argentina's Jujuy Province; above, wheat field at a test farm, where experiments deal with quantity of seed to be sown and ideal time for sowing.

seeds would be up by 20 percent, livestock production by 19, apples and pears by 30, citrus fruits by 20, dairy products by 28, and cotton by 20.

The plan's emphasis on technological improvement is appropriate and still appears to be the soundest approach to increasing land productivity. This year, at the midpoint of the plan, it is too early to assess the probable results; but there are encouraging signs, perhaps most notably the progress in the pasture improvement program. The Argentine Government is now working on a new Development Plan which probably will take effect in 1968, replacing the latter stage of the earlier Plan.

Measures dealing with farm improvements

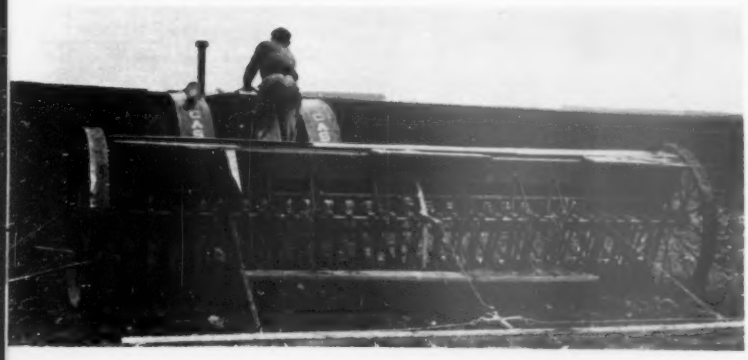
Argentina's agricultural sector suffers from a lack of capital, owing to unfavorable taxation policies and the high cost of inputs relative to the prices received. Taxes on sales and exports of agricultural products have been a burden to the farmer. At the same time, the government has imposed heavy import duties on many items of production equipment, especially tractors and machinery, to protect domestic industry.

This problem of decapitalization in agriculture is well recognized by the government. Before the March devaluation it had eliminated almost all the retentions, or export taxes, on farm products in an effort to channel more returns back to the producers. Its announcement that the new export taxes are temporary and will be progressively reduced bodes well for higher farm incomes.

A measure of some help to the farmer has been the extension of tax credits on purchases of some types of farm machinery. Possibly most needed is an effective credit program. At present, agricultural credit is generally limited to 6-month loans for planting and harvesting expenses; and to provide capital for basic improvements requires medium and long-term credit at reasonable interest rates. Some of this is now provided through special credit programs of the Central Bank for pasture improvement and farm mechanization. An agricultural cooperative bank began operation in 1965 with a capitalization of $4 million, but this is by no means adequate.

Argentine farmers use little fertilizer—virtually none on grains, oilseeds, or pastures. This practice has been due to the naturally high soil fertility, especially in the dominant Pampa zone. However, there is a growing realization that this fertility is not inexhaustible. Yet yields must be increased if Argentina is to be competitive with countries that have rapidly increased their agricultural productivity. Thus, it seems inevitable that Argentine agriculture will turn to fertilizers. To encourage this, the government has already removed import duties; in addition, a large nitrogen fertilizer plant is being built, with production expected to start in 1968. When this domestic supply becomes available, intensified efforts to promote fertilizer usage are likely.

In the process of technological improvement, a good research and extension program is vital, and Argentina is fortunate in this respect with its National Institute for Agricultural Technology (INTA). Although understaffed, INTA is doing an effective job of promoting agricultural improvement. Funds to support it are provided by an export tax on farm products. Supplementing INTA's work,



Farm mechanization and greater fruit production are part of Argentina's development plans. Above left, farmer seeds wheat quickly, efficiently; above, fruit trees are sprayed with disinfectant; left, the orange harvest over, fruit is ready to be packed into crates.

a private organization, CREA, carries on a technical information program for its members, who are mostly large landholders.

In addition, Argentina's effort to develop its agriculture is being backed by international aid. In 1963 and 1964, Argentina received two loans from the Inter-American Development Bank, totaling almost $40 million, for a farm mechanization program. Another loan in 1965, for $10.5 million, is helping to finance a chemical fertilizer plant. These loans are administered through the National Bank. Two more loans, approved in February for a total of nearly $33 million, will aid irrigation and land settlement in a large northern area; and the World Bank has just approved a $15.3 million loan for livestock development.

Measures dealing with farm structure

The average size of farm in Argentina is almost 970 acres. In this extensive type of agriculture, larger farms are common. One-third of the total farmland is operated by less than 1 percent of the farmers, and about 75 percent of the land by around 6 percent of the farmers. The existence of these large holdings is not in itself a social or economic problem. The government has no policy for breaking up the estates, nor has there been any strong popular support for such a move.

On the other hand, government authorities believe that some of the large farms are not operated effectively. Landholding has much value as a matter of prestige and also as a hedge against inflation. There is a feeling that some owners, motivated more by these factors than by a desire to maximize production, are not making the most effective use of their land—and maximizing agricultural production is a key policy of the Argentine Government.

As an approach to this problem, the government is considering a tax based on the production potential of the land—the more productive the land, the higher the tax. It is reasoned that the owners of better land will then be forced to maximize production or dispose of the land to others who will. This measure has in fact been discussed for several years, and the Secretary of Agriculture has spoken strongly in favor of it.

A farm tenancy problem has involved about 16,000 farms whose leasing arrangements have been "frozen" by law, for about 25 years. The owners could not terminate the leases, and the rents were frozen at unrealistically low levels—more so each year as inflation continued.

In early 1967, the government moved to correct this situation by promulgating a Rural Rent Law. This law provides for termination of the leases by the end of 1968. Tenants are given first option to buy the land, if the owner wishes to sell, and assistance in financing the purchases is provided. The law is generally regarded as a satisfactory solution to this long-standing problem.

Measures dealing with agricultural training

A major roadblock is the shortage of trained agricultural specialists. First of all, rural education suffers seriously in comparison with urban. According to the 1960 census, 42 percent of the rural population over 15 years of age had not gone beyond the second grade and only 22 percent had completed the sixth grade. For the urban population the respective percentages were 16 and 56. Government planning calls for much improvement in rural education—including a program of adult education—as a basic element of agricultural development, but progress is slow, largely owing to a shortage of funds.

Higher education reflects a serious deficiency in technical agricultural training. Of the enrollment in national universities in 1963—162,000 students—only 4,000 or 2.5 percent were enrolled in agricultural specialties. (Traditionally, the preference of Argentine youths has been for specialization in law, medicine, or engineering.) The necessity for correcting this situation is widely recognized. The National Development Plan classifies agriculture as one of the "strategic specialties" to be emphasized in order to achieve development goals. The current plan to establish a national agricultural college at Balcarce, along land-grant college lines, holds promise.

Technical assistance from the United Nations and the United States has helped somewhat to fill the education gap. Under a program in operation since 1957, the U.S. government has provided about 80 consultants in technical fields; has given more than 200 Argentines agricultural training in the United States; and now emphasizes contracts with U.S. universities for special services to Argentina in agricultural education. The Food and Agriculture Organization of the United Nations has also provided technicians; and the Ford Foundation has a local representative and has financed agricultural studies and training.

Agricultural schools and experiment stations will help implement plans. Left, irrigation project at Gándara Experiment Station. Right, the National School of Agriculture and Sugar Culture at Tucumán.

How Eastern Europe Is Meeting Farm Development Goals

By ROGER E. NEETZ
Foreign Regional Analysis Division
Economic Research Service

Increasing interest in exploring the trade potential of Eastern Europe has raised new questions about the changes in agriculture in this area. My recent trip to study the agricultures of Yugoslavia, Bulgaria, and Romania has given me new insight into these reported developments, as well as a clearer perspective of the tempo of change within each country. All three countries have made sizable gains in agricultural output during the past 2-3 years, and my preliminary estimate is that 1967 will be another good year.

The rapid upsurge of agriculture that these countries have been experiencing is still quite novel compared to the previous 10 years of erratic growth and declines. It appears that East European agriculture is finally pulling out of a decade of disappointments and moving into a period of steady growth. The upward shift since the mid-1960's has largely resulted from borrowed techniques, more realistic objectives, and a determination to make farm programs work.

While the forward momentum of each of the countries has been similar, there are marked contrasts in the development farm programs of each. The foremost is in land tenure and farm management. All three countries are still shifting and reorganizing the farm structure to fit the communist mold, but Yugoslavia alone permits some semblance of private farm operations.

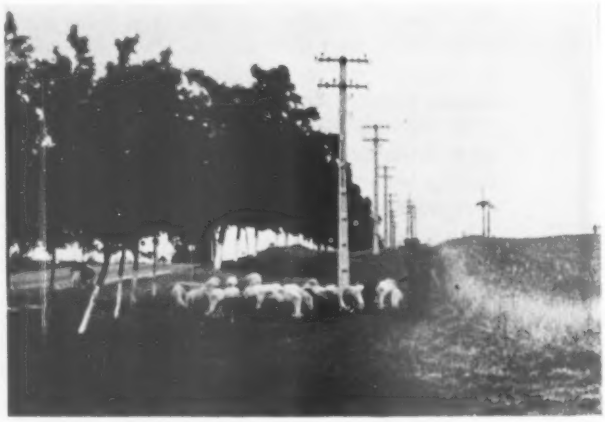
Farm ownership and crop patterns

Yugoslav statutes allow private holdings of 25 acres of arable land and approximately 60 acres of agricultural land. But in Romania and Bulgaria, virtually all the land is socialized. It is held by the state under state farms or other state-owned enterprises, or it is held in perpetuity by the collective farm. Size of farm varies from 2,500 acres for collective farms to 10,000 acres for state farms. Whatever the form of tenure, land is not an asset that can be purchased or sold freely. There are small household plots available for collective farm members, varying in size from 1.25 acres to 2.5 acres of land in Bulgaria and Romania, but legal rights of ownership are somewhat tenuous.

The sharp differences in land ownership and control, however, lose some of their significance under the overall objective of farm policy within each of the countries. All three, for example, are stretching their economic muscles to achieve faster rates of agricultural output. Goals through 1970 range from a 4.8-percent annual rate of growth in Yugoslavia to 5.4 percent in Bulgaria.

The immediate aims are to raise grain production as quickly as possible and then to capitalize from this added production by transferring the surplus grain to the production of meat and livestock products in the latter half of the plan period. Current corn production in this area is already quite high. Last year's corn production of 20 million metric tons in these three countries amounted to almost half the total European output.

Climatic and soil conditions in Yugoslavia, Bulgaria, and Romania favor the same crops—small grains, corn, sunflowerseed, and sugarbeets. Farming of fruits and vegetables also appears to be expanding rapidly, particularly in Bulgaria and Romania, where newly planted orchards and vineyards are only beginning to bear. I saw extensive cultivation of tomatoes, peppers, and other garden vegetables in areas adjacent to major cities in both countries. In Bulgaria, the area around Plovdiv is one of the major centers for fruits and vegetables in Eastern Europe.



Top right, a small flock of sheep graze along roadside in Bulgaria; right, Yugoslav farmers take care of a tobacco plantation near Vranje. Yugoslavia is one of the world's leading producers of oriental-type tobaccos and third largest supplier of this tobacco type to the United States.

The program to expand and utilize land for fruit and vegetable production in Bulgaria and Romania has been carried out quickly and irrigation is used extensively; dwarf trees have been planted successfully in many areas. Reportedly yields are high, and because of the tree size orchards are easier to spray and to pick.

Yugoslavia, in contrast, has developed fruit and vegetable farming more slowly. This country is still dependent to a great extent on the variable output of its small peasant farms, where restrictions placed on the size of land ownership have been a deterrent to efficient orchard practices.

Livestock programs and village improvements

More striking parallels and contrasts of agricultural change are seen in the types of livestock and village improvements. Bulgaria, Romania, and Yugoslavia together have more than 33 million head of sheep. Livestock density is greatest in Bulgaria, which in 1965 had 73 head per 100 acres of agricultural land compared to 35 head for Romania and 26 for Yugoslavia. Cattle and hog numbers per 100 acres of land are larger in Yugoslavia. However, Bulgaria and Romania have the same ratio of hog numbers to agricultural land, and Romania has more cattle.

Apart from the statistical variations in numbers, there are major problems standing in the way of the development of a strong livestock industry in Eastern Europe; chief among them are low feed inputs and mixed breeds.

Ample pastures on mountain slopes undoubtedly have encouraged sheep grazing over a long period of time, but output of meat, milk, and wool per head of sheep still remains low. Few cattle graze on these mountain pastures, but some collective herds use lower pasturelands. There was little evidence of modern stalls and milking sheds. A large percentage of the total number of cows are held by farmers on household plots and are grazed along roadside strips and fed hay produced on communal land.

Last March the Bulgarian Government made a concession to encourage more farmers and urban workers to hold livestock. The government revised its collective farm statutes and now permits private household plot holdings of up to 2.5 acres and permits farmers living in the mountain areas to hold two cows. Even though livestock farming is highly inefficient, it is likely to remain the primary agricultural activity for people in this area.

In contrast to the lagging livestock industry, the development of grains, potatoes, sugarbeets, and sunflowerseed has moved along well during the past few years. Preliminary estimates for wheat are for Bulgaria, 3.0-3.1 million metric tons; Romania, 5.7-5.8 million; and Yugoslavia, 4.6-4.7 million. If the favorable weather continues, the three countries should bring in good to very good harvests of corn, sunflowerseed, sugarbeets, and potatoes.

Officials in Romania and Bulgaria indicated that their current high production of corn and wheat would help export programs, but this export surplus program is likely to be short-lived. The opportunities for agricultural exports in both countries are better for high-priced products—livestock, tobacco, fruits, and vegetables—than for grain. This is also true for Yugoslavia. Growth of livestock production will require more feed, so part of the higher production of grains will be consumed internally. The need for feed supplements will also be increased.

It is interesting that Yugoslavia's upward adjustment of prices for grains and other field crops in recent years has induced no greater results in production than that experienced in Romania and Bulgaria where prices have remained low and relatively fixed. The real factor that has influenced the favorable harvests in recent years for all three countries has been good weather, combined with higher application of material inputs.

The upward change in prices in Yugoslavia has, however, favorably influenced real income. This is clearly evident in the current rate of building activity in Yugoslavia compared to that in Bulgaria and Romania. The number of new farm homes is increasing steadily in Yugoslavia because of higher farm income and some shift of local effort to supply needed building materials.

There was less building activity seen in Bulgaria than in Yugoslavia. Within Bulgaria more new homes are being built in the mountain areas, where livestock holdings predominate, than in other locales. Higher prices paid for livestock products evidently have allowed some capital accumulation for use in building new homes. But in Romania the little evidence of new buildings suggests that the income earned from the good harvests is not filtering back into villages for housing or other rural development schemes.

Below, wheat is combined on a State farm in Romania; below right, private farming in Yugoslavia, has produced shocked barley, corn, and hay.

Assessment of Potential Thailand Market for U.S. Food Products

Thailand could become one of the better customers for U.S. food products in Southeast Asia. Activities designed to develop this market could profitably be increased in institutional and retail outlets.

That is the gist of the findings of a recent study made by a Foreign Agricultural Service team in Thailand to determine the sales possibilities for U.S. food products in this fast-developing country.

Five favorable conditions

According to the study report, there are five basic reasons why Thailand's potential as a market for a wide variety of U.S. foods is growing.

- Thailand's balance-of-payments position and stable currency allow it to buy from any country in the world.
- Thailand is rapidly developing into a major tourist center for hundreds of thousands of American, European, and Asian travelers who want the best food and can afford to pay for it. Bangkok also seems destined to become an important convention center, rivaling Tokyo and Hong Kong. New hotels and restaurants are being built to take care of the tourist and convention business. All are potential customers for imported food products.
- More and more Thai are studying and traveling abroad and returning with a liking for Western food.
- The current demand for convenience foods in Thailand cannot be met by the underdeveloped domestic food-processing industry.
- Food buyers in Thailand already have a strong preference for U.S. processed food products. They recognize U.S. labels and associate them with high quality.

Today, American foods are purchased mostly at a few self-service stores in Bangkok by members of the fast-growing foreign community and by the expanding segment of the Thai population that can afford imported foods.

Best-selling items include catsup, tomato juice, instant coffee, macaroni, snack foods, cake mixes, baby food, soups, breakfast foods, fruit juices, canned fruits and vegetables, dried fruits, and vegetable oils.

Better promotion needed

One study conclusion: Unless U.S. food exporters begin to promote their products in a more sophisticated and aggressive way, the Thailand market for food products could well be lost.

Competing with the United States for this market are Australia, New Zealand, Switzerland, the Netherlands, West Germany, Denmark, the United Kingdom, Japan, France, Italy, Taiwan, and Canada. Most of these competitors are outpromoting and outservicing the United States.

For example, the researchers who made the study often heard the complaint that American manufacturers only offer in Thailand what sells well in the United States, making no effort to develop or adapt their product lines to the special demands of the Thai market. The Japanese, on the other hand, are making considerable headway in all Southeast Asian markets with specialty foods tailored to Asian tastes but with built-in Western-style convenience, such as instant noodles.

Hotel and restaurant managers, chefs, and other institutional buyers indicated they would buy more U.S. foods if they could get better servicing and buy cuts of meat that are more suitable for their use and are more competitively priced.

Below, vegetable stalls in typical Bangkok public market. Right, one of the modern self-service stores that have opened recently in Bangkok; these stores are air-conditioned, have frozen food cabinets, and stock a wide variety of U.S. and other imported food products. Lower right, inside another new store.

Processing U.S. foods in Thailand

U.S. food products sell for about twice the price in Thailand that they do at home. High duties, taxes, transportation, handling costs, and the additional expenditures resulting from inefficient marketing and distribution —all are partly responsible.

One way U.S. exporters could reduce a big cost item—transportation from the States—would be to process basic U.S. food products in Bangkok. Because of its central location, Bangkok is a distribution center for the rest of Southeast Asia.

The Thai Government is encouraging U.S. firms that want to develop such an operation, and many Thai businessmen are interested in partnership arrangements that would initially require U.S. management expertise and technical knowledge.

Products that seem best adapted to this away-from-home processing are concentrated fruit juices, vegetable and salad oils, vinegar, catsup, tomato products, and baby foods.

Products with possibilities

Specific products that appear to be promising candidates for special promotion in Thailand retail food stores are: Dietetic foods, canned sterile concentrated milk, natural Cheddar cheese, luncheon meats, frozen dinners, packaged breakfast foods, baby foods, dried fruits and vegetables, margarine, canned fruits and vegetables and soups, jellies and jams, wine, pickles, beef products, and numerous sauces, herbs, and spices.

Products that would interest the institutional trade include: Beef, poultry, veal, trout, salmon, frozen orange concentrate, vegetables, fresh and dried fruits, luncheon meats, canned tomato and fruit juices, natural Cheddar cheese, specialty flour for bakery products, canned fruits, nuts, jams, vegetable oils, seasonings, and alcoholic beverages.

Japan Buys More U.S. Poultry for Yakitori

Yakitori—a traditional Japanese dish—is creating a demand for U.S. chicken meat and skin.

Yakitori consists of either pork or chicken meat and skin on a skewer, prepared in a manner similar to barbeque and eaten with a soya-base sauce. Over 2.5 million yakitori are sold daily in Tokyo alone, with chicken yakitori—a prestige item—representing 10 percent of sales.

Traditionally, this product has been prepared by skilled cooks, who earn about $7.00 a day—top wages for cooks in Japan. In addition, the special hard charcoal (bincho) used for cooking the product costs about $5.00 a day, putting the labor and material cost to produce about 3,000 dishes at $12.00, exclusive of product.

Recently, however, a Tokyo firm distributing U.S. poultry developed a machine that reportedly produces 8,000 yakitori a day. The machine (pictured below) rents for $4.16 daily, and the propane gas and operator costs are $1.28 and $4.50, bringing the labor and fuel costs of producing 8,000 dishes to $9.95.

This reduced expense has been passed on to the consumer. Thus, demand for chicken yakitori has risen, and one Tokyo company producing frozen chicken yakitori is now placing orders for 30 tons of U.S. chicken products per month.

A supermarket and food-promotion show—joint effort of the U.S. Departments of Agriculture and Commerce —will be held in the U.S. Trade Center, Bangkok, November 1 through 9.

Part of this show will be a series of seminars on supermarket financing, planning, construction, operations, marketing, and promotion. Participating in these seminars will be outstanding American authorities on food marketing and leaders in the financing, designing, and operation of supermarkets.

(For more about plans for this exhibit and the U.S. firms that will participate in it see *Foreign Agriculture* for July 3 and August 7.)

Japanese Officials Inspect U.S. Wheat-Producing Areas

Last month, the Japanese Agricultural Attaché to the United States, Mr. Yutaka Yoshioka, and the overseas representative of the Japanese Food Agency, Mr. Ksaya Kanamori, set out to look at the wheat-growing areas of Montana and the Pacific Northwest. Their goal: To evaluate the supply situation in this biggest source of Japanese wheat needs, as well as to get a firsthand look at U.S. wheat operations.

Accompanied by USDA officials, Mr. Yoshioka and Mr. Kanamori visited farms in Montana, Idaho, and Oregon, where they traced wheat operations from the field to the grain elevator to the rail cars for shipment. They also had a chance to drive a combine and a tractor pulling a rod weeder, to meet with neighboring farmers, and to visit the Montana Grain Testing Laboratory in Great Falls where grading and protein testing were demonstrated.

At press conferences for reporters in Great Falls, Montana, Spokane, Washington, and Portland, Oregon, they discussed the need for a regular flow of Montana wheat to the west coast for shipment to Japan, as well as Japan's current and potential wheat needs.

These experiences, plus meetings with grain elevator personnel, greatly impressed the Japanese officials. They came back seemingly assured that we have plenty of wheat to meet needs of their country, which received 78.5 million bushels of U.S. wheat and flour in fiscal 1967.

Livestock Product Exports Up, Imports Down for First 6 Months

Exports of U.S. livestock and meat products in the first half of 1967 were substantially above those of the same period a year earlier. Increased livestock slaughter supplies helped to boost exports during this period.

The big leaders in export sales for the first half of 1967 were variety meats, tallow and greases, and lard, up 25, 19, and 15 percent, respectively. Red meat exports were up 14 percent and mohair 29 percent for that period.

Hide and skin exports were up 2 percent from a year earlier in the first 6 months of 1966. Cattle hide exports had been running well above those of a year earlier, but showed a sharp decline in June, down 43 percent. This decline reflected a weaker world market for hides. World hide prices have been pressured by increased supplies.

Live cattle exports—primarily breeding cattle—were up substantially in the first half of 1967. Strong advance activity indicates that 1967 will be a good year for breeding cattle exports.

U.S. EXPORTS OF LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	June		Jan.-June	
	1966	1967	1966	1967
	1,000	*1,000*	*1,000*	*1,000*
Animal fats:	*pounds*	*pounds*	*pounds*	*pounds*
Lard	15,340	13,532	74,633	85,952
Tallow & greases:				
Inedible	145,072	244,963	976,792	1,154,259
Edible	1,121	930	6,842	11,652
Meats:				
Beef & veal	2,346	2,571	15,347	16,408
Pork	5,106	2,646	22,092	27,481
Lab & mutton	154	116	808	769
Sausages:				
Except canned	190	206	983	1,039
Canned	117	86	709	595
Other canned meats	720	769	4,212	4,171
Meat specialties:				
Frozen	259	161	1,064	1,068
Canned	89	231	940	1,283
Total red meats	8,981	6,786	46,155	52,814
Variety meats	16,520	19,730	93,047	116,485
Sausage casings:				
Hog	570	234	3,313	2,928
Other natural	476	457	2,443	1,731
Mohair	840	1,051	4,205	5,445
Hides and skins:	*Pounds*	*Pounds*	*Pounds*	*Pounds*
Cattle (parts)	.....	3,585	.....	20,946
	1,000	*1,000*	*1,000*	*1,000*
	pieces	*pieces*	*pieces*	*pieces*
Cattle	1,351	774	7,048	6,818
Calf	146	129	1,123	1,052
Kip	54	31	283	240
Sheep & lamb	230	394	1,219	1,860
Horse	5	6	31	38
Goat & kid	27	35	197	127
	Number	*Number*	*Number*	*Number*
Live cattle	2,213	3,413	15,006	18,364

Source: Bureau of the Census.

Imports of red meats in June of this year were down 22 percent from the same month a year ago. Total red meat imports in the first 6 months are now just equal to those of a year earlier. Beef and veal imports were down sharply in June, 26 percent less than for June 1966. Although pork imports were up 7 percent in June, they are still 2 percent under those of a year earlier for the first 6 months. Lamb imports were down 54 percent in the first half of 1967 and wool imports were down 43 percent during the same period.

Imports of live cattle, mainly feeders, during the first 6 months of 1967 totaled 336,281 head, down 37 percent from the same period in 1966. The decline in imports is related to the lower prices in the United States and also to reduced supplies in Canada and Mexico.

U.S. IMPORTS OF SELECTED LIVESTOCK PRODUCTS
[Product weight basis]

Commodity	June		Jan.-June	
	1966	1967	1966	1967
Red meats:				
Beef and veal:				
Fresh and frozen:	*1,000*	*1,000*	*1,000*	*1,000*
Bone-in beef:	*pounds*	*pounds*	*pounds*	*pounds*
Frozen	670	447	2,762	1,526
Fresh & chilled	1,702	323	8,935	1,515
Boneless beef	86,063	62,610	318,012	339,531
Cuts (prepared)	144	106	1,157	609
Veal	1,732	1,499	10,260	8,672
Canned beef:				
Corned	.....	7,781	.....	34,327
Other, incl. sausage	7,997	958	38,061	5,994
Prepared and preserevd	3,867	2,263	12,599	17,574
Total beef and veal	102,175	75,987	391,786	409,748
Pork:				
Fresh and frozen	3,204	4,463	22,368	23,758
Canned:				
Hams & shoulders	17,489	19,225	108,632	107,590
Other	4,379	3,260	25,772	22,452
Cured:				
Hams & shoulders	103	101	743	744
Other	449	343	2,312	2,030
Sausage	205	383	1,040	1,449
Total pork	25,829	27,775	160,867	158,023
Mutton & goat	10,055	4,678	36,697	26,361
Lamb	1,742	516	10,125	4,695
Other sausage	568	553	2,883	3,311
Total red meat	140,369	109,509	602,358	602,138
Variety meats	206	179	2,075	1,534
Wool (clean basis)				
Dutiable	14,306	9,489	104,624	58,726
Duty-free	11,386	6,347	56,121	32,132
Total wool	25,692	15,836	160,745	90,858
	1,000	*1,000*	*1,000*	*1,000*
Hides and skins:	*pieces*	*pieces*	*pieces*	*pieces*
Cattle	14	10	139	67
Calf	26	48	134	216
Kip	65	46	229	187
Buffalo	46	42	238	212
Sheep & lamb	2,701	1,861	17,017	11,761
Goat & kid	765	531	5,570	3,943
Horse	43	16	166	107
Pig	188	178	1,207	719
	Number	*Number*	*Number*	*Number*
Live cattle[1]	50,943	30,973	533,634	336,281

[1]Includes cattle for breeding.

U.S. Department of Commerce, Bureau of the Census.

Spain Buys Argentine Beef for Wheat

A new commercial bilateral beef and wheat agreement has been recently concluded between Spain and the Argentine Meat Board to cover the Spanish meat import needs through December. According to Spanish sources, the contract consists of 16,000 metric tons of chilled beef and 24,000 to 34,000 metric tons of frozen beef. At the same time, Spain sold the Argentine Wheat Board 100,000 metric tons of soft red wheat. The first shipments of wheat are currently being loaded at Spanish ports for shipment to Argentina. For details on Argentina's wheat situation this year see the article on page 8, *Foreign Agriculture*, July 31, 1967.

The negotiated prices paid for these beef products are not currently available. Prices paid for the July 15 purchases were $677 a metric ton f.o.b., for chilled hindquarters and $505 a metric ton for frozen compensated quarters. Last fall, Spain paid $730 a metric ton f.o.b. for chilled hindquarters and $560 a metric ton for frozen compensated quarters.

Spain's Olive Oil Exports Increase

Exports of olive oil from Spain in the November 1, 1966-June 30, 1967, period amounted to 70,871 metric tons compared with 48,881 tons in the same months of 1965-66. The increased tonnage, which reflects larger availabilities from 1966 crop olives moved to Italy and the United States. Exports for the entire 1966-67 season are expected to approximate 120,000 tons, compared with 71,742 tons in 1965-66.

According to the Spanish Olive Oil Syndicate, the 1966-67 outturn of pressed olive oil is estimated at 462,227 tons—47 percent above the 315,223 tons produced in 1965-66. However, the Ministry of Agriculture maintains its original estimate for 1966-67 at 432,000 tons.

Unofficial estimates for the 1967-68 olive oil outturn indicate a significant decline to roughly 400,000 tons, or about the same as averaged during the 1959/60-1966/67 period.

SPAIN'S OLIVE OIL EXPORTS

Month	Year beginning November 1				
	1962	1963	1964	1965	1966
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
November	4.5	9.2	7.7	1.9	3.5
December	5.6	10.7	2.3	2.5	4.9
January	3.0	12.5	2.2	8.9	8.8
February	1.1	17.8	2.0	11.2	13.9
March	1.0	11.2	2.5	7.8	12.5
April	3.8	13.4	3.2	8.3	12.5
May	2.6	9.2	2.8	3.7	10.7
June	1.1	7.0	1.6	4.5	4.2
July	1.8	5.4	2.0	4.1	.....
August	13.3	3.3	1.8	7.4	.....
September	14.4	3.9	2.3	5.0	.....
October	14.2	6.6	2.7	6.4	.....
Total	66.4	110.2	33.1	71.7	.....

Source: Spanish Olive Oil Syndicate.

This year's expected decline, primarily in Jaen—Spain's leading olive-producing province—reflects a cyclic off-year in production, losses due to tree damage while harvesting last year's crop, and low moisture supplies in the area. Accenting this decline, frost damage in March and April was reported in sections of Aragon, the Central Plateau, and Extremadura. A normal crop is expected in other areas including Cordoba, Seville, Levant, and Catalonia.

The olive oil market this season has been strengthened by a sharp reduction in export availabilities from Tunisia as well as increased import requirements in Italy.

Purchase Price Up for Japan's Rice

The Japanese Government's purchase price for rice for the 1967 crop has been set at $397 per metric ton of brown rice, an increase of 9 percent over the $364 paid to farmers for the 1966 rice crop.

The increase in the rice purchase price will result in an estimated $236 million in additional losses in the Food Control Special Account in fiscal 1967 unless consumer rice prices are increased. Rice is purchased from producers and sold at a loss to consumers. With present price differences, the loss will total $694 million in JFY 1967.

This is the third successive year that the farmers' price for rice has been increased. The government probably will increase the consumer price by 14 percent beginning in October.

Japan Buys Rice From Thailand

The Japanese Food Agency has made an additional purchase of 20,000 metric tons of broken rice from Thailand as part of the 100,000 tons optional purchase of last January. The total includes 10,000 tons each of A-1 special and A-1 super at $132.50 per ton and $134.25 respectively, f.o.b. Thai ports. Freight is $7.55 per ton and shipments are set for July-August. These prices are the same as those of the 80,000 tons of Thai broken purchased January 20, 1967.

The Food Agency in June also purchased 5,000 metric tons of glutinous rice (long-grain milled) from Thailand at $162.50 per ton, f.o.b., with a freight rate of $7.55 for July-August shipment.

With these purchases of Thai rice, the Food Agency probably has completed purchases of all foreign rice for the 1966-67 rice year (ending October 1967).

Australian Wheat Exports Reach New High

During the first 8 months of Australia's current marketing year (Dec.-Nov.), the Australian Wheat Board sold over 300 million bushels of wheat for export from the 1966 harvest of 462 million bushels. This 8-month figure tops the previous high for export sales in an entire marketing year—267 million bushels in 1964-65.

Sales to Europe totaled about 33 million bushels, against 25 million in all of 1965-66. Substantial new sales were made to West Germany, the Netherlands, and Norway. Many sales to European countries represented offerings of Prime Hard wheat and resulted from reduced transportation costs through shipment on bulk carriers.

Australia also made a breakthrough into the South American market with sales of about 14 million bushels of wheat to Brazil, Chile, and Peru.

India Abolishes Price Ceiling on Cotton

The Indian Government has decided to abolish the price ceiling on raw cotton beginning September 1. Floor prices will be increased 5 to 10 percent, except on Bengal Desi type which has no floor price. Price ceilings on 40 percent of mill cloth production were continued despite insistence from the Indian Cotton Mills Federation that these con-

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trols also be relaxed.

Price ceilings on raw cotton had been in effect in India since 1943. However, in many instances the market prices were above the ceilings and prices during the past season have generally been far over the official ceilings. Abolishment of the ceiling price will in effect restore legality to the cotton business in India.

Chad's Cotton Exports Lower

Exports of raw cotton from Chad for the first 6 months (August-January) of the 1966-67 season were only 29,000 bales (480 lb. net), compared with 81,000 bales during the same period of 1965-66. France purchased 60 percent of the 191,000 bales exported in the 1965-66 crop year, Yugoslavia and the United Kingdom buying 13 percent and 7 percent, respectively.

Cotton represents about 80 percent of Chad's total exports and is the sole source of income for nearly a half million farmers. Since most of the crop is grown on nonirrigated fields, production depends a great deal on weather conditions. France had subsidized cotton cultivation in Chad prior to 1963. Since then, however, financial support has come from the EEC, on condition that production costs would diminish, permitting Chad to meet world prices. This subsidy is scheduled to terminate in 1969. Heavy taxation, high transportation costs, and low yields tend in part to prevent the production of cotton in Chad at a competitive level. The government has been partly successful in getting farmers to adopt improved cultural practices, and in 1966-67 acreage was increased sharply.

Production in the current season is estimated at 200,000 bales, considerably higher than the output of 143,000 bales during the previous season and the average of 145,000 bales for 1960-64.

Domestic consumption to date has been relatively small. Construction of Chad's first textile mill was begun in 1965 under the sponsorship of Franco-German textile companies, and operations were recently inaugurated. It will employ about 400 workers, some of whom are currently in training in Europe, and will have an initial production capacity of about 8 million meters of bleached and printed fabrics.

Chile's Honey Production Higher

Chile's commercial honey production reached an estimated 6,000 metric tons in 1966, an increase of 7 percent over 1965. The 1966 outturn represents one of the largest amounts produced on record in Chile. A somewhat larger outturn is expected for 1967.

Most of the honey produced in 1966 entered the domestic market as demand by the Chilean candy industry continues strong. Exports amounted to 1,282 tons in 1966, compared with 1,445 tons the year before. Chile does not normally import honey. Approximately 800 tons of noncommercial honey is grown and consumed locally.

The Chilean Ministry of Agriculture recently started a campaign to increase honey production by importing improved Italian-type bees. The number of small producers has grown considerably during the past 2 years.

Colombia, Chile To Exchange Sugar, Cellulose

An agreement has been signed for the interchange of Colombian sugar and Chilean cellulose. It is proposed that Colombia, during the next 2 years, sell Chile a minimum of 20,000 metric tons of sugar a year, with provision for possible increase up to as much as 60,000 tons. In return, Chile would annually sell Colombia 12,000 to 20,000 tons of cellulose during the same period.

The Agreement would mean an increase in trade between the two countries from US$4 million to US$10 million. It would also provide an outlet for some of Colombia's sugar which is in surplus supply this year.

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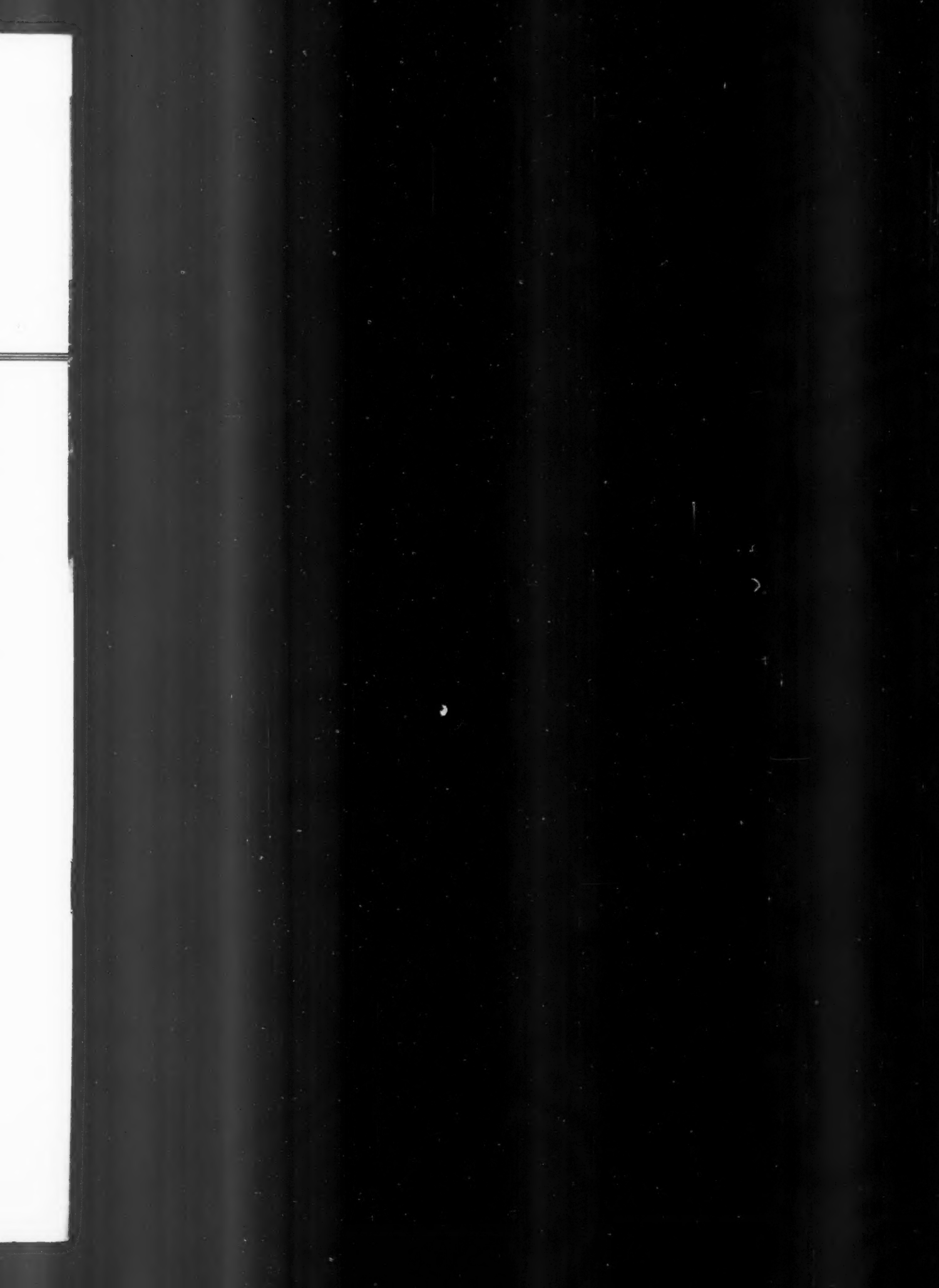
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